



**EE361 ECONOMICS OF CLMV COUNTRIES**

Semester XX (XXXX-XXXX)

Improving Quality of and Access to Lao PDR's Healthcare System

GROUP X

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## Overview

In the past twenty years, Lao PDR has made significant development in the economy, alleviated poverty, improved education, health, and other key sectors. Healthcare sector has been improving dramatically over 20 years at which we can see many more healthcare facilities as well as expansion of health institutions. Moreover, we can witness great improvement in health as the life expectancy has been increasing by 18 years old. It implies that the life expectancy from birth has been increasing from 49 years old in 1980 to 67 years old in 2010. In addition, we can see a huge drop in child and maternal mortality as well as fertility rate that tremendously reduced from 6.3 to 2.7 births per woman between 1981 and 2017 **as positive health indicators**. Reported vaccination coverage has continued to improve and a wide range of vaccines are available through government and donor support. Social health insurance coverage reached 92% of the population at the end of 2017. In 2017, the outpatient department (OPD) visit ratio was reported at 705 OPD visits per 1000 population, almost double the ratio of 2011 which was 438 per 1000 population. The nutrition indicator has made good progress. The underweight prevalence and stunting prevalence has gradually decreased from 31.6% to 25.5% and 47.6% to 35.6% respectively between 2006 to 2015. Table 1 indicates the improvement in healthcare facilities that Lao PDR has made within a 10 years period. In addition, we can see a significant improvement in terms of hospital bed capacity. Upon that, more hospitals were built in response to the needs.

**Table 3. Number of facilities and beds per health facility type**

Organization unit	Number of facilities		Number of beds	
	2010	2017	2016	2017
Central hospitals	4	5	1190	1678
Curative centres at central level	3	3	160	160
Regional hospitals	4	4	767	665
Provincial hospitals	12	13	1080	1090
District hospitals	131	136	2059	2057
Health centres	905	1055	3084	5420
Army hospitals	n/a	27	n/a	n/a
Police hospitals	n/a	10	n/a	n/a
Private clinics/hospitals	n/a	1028	n/a	n/a

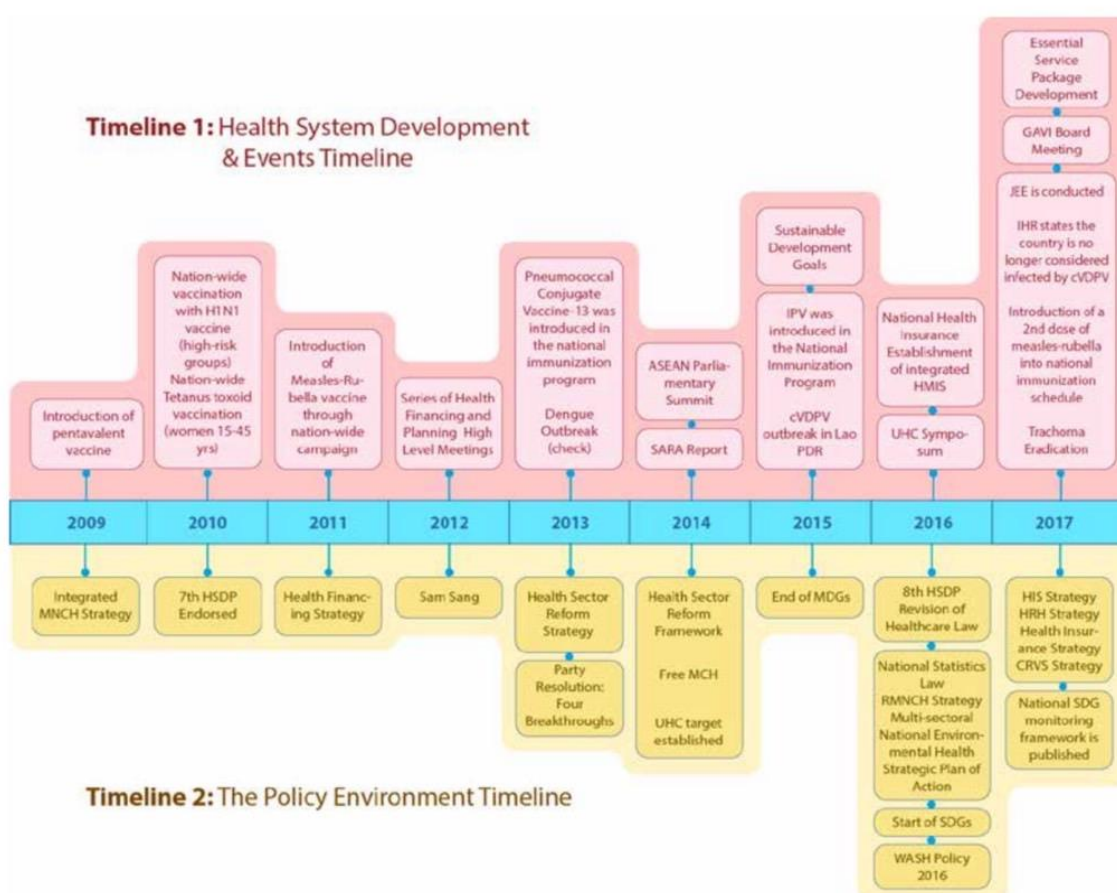
Source: HMIS/DHIS2, Ministry of Health

<sup>14</sup> The Lao People's Democratic Republic does not yet collect service delivery data from the private sector; however, this is being discussed as a future development within HIS (data not available).

**Table 1: Number of Facilities and beds per health facility type.**

Currently, healthcare in Lao PDR is served by both private and public divisions. The services are provided by three decentralised administrative levels starting from a central Ministry of Health, provincial level administration, and district level administration. Moreover, healthcare programs have been separated by the Laotian government for distinct income groups including the State Authority for Social Security (SASS) for the civil servants, the Social Security Office (SSO) for the employees of public and private enterprises, the Community-

based Health Insurance (CBHI) for the informal-sector workers, the Health Equity Funds (HEFs) for poor people, and also free child and maternal health services in the chosen provinces. The following picture exhibits the Health system development & Events timeline. Starting from 2009, MOH introduced pentavalent vaccine (5-in-1 vaccine), followed by nationwide vaccination with H1N1 and Tetanus vaccine. In 2011, we can see the health system gradually developed to an extent by setting up campaigns of Measles, Mumps, and Rubella (MMR) vaccination across the country. The following year, there was various health financing and planning in accordance with the implementation of Sam Sang policy. By 2013, there was a sudden dengue outbreak while Lao PDR introduced a new health sector reform strategy. Health sector reform framework has been taken into action step by step and the introduction of different vaccines into the national immunisation program has been carried out along the way. Lao PDR set the universal health coverage (UHC) target in 2014 and by 2016, this country established the national health insurance (NHI) with the purpose to provide universal access to quality health care for all Lao people. During 2017, Lao PDR reached a new achievement as the country is no longer infected by cVDPV.



Overview of progress in health system development in the Lao People's Democratic Republic, 2009 – 2017

**Table 2: Overview of progress in health system development in the Lao PDR from 2009 to 2017**

However, healthcare in Lao PDR is still generally inadequate. There is a widening gap between the rich and the poor, the urban and rural areas. Health capital and services are limited, and the rural and remote areas are substantially underserved. Most of the medical care facilities are concentrated in urban areas. Health care is both inefficient and inequitable as it is unequally distributed in Laos (UHC Index Score is 60%). Although we can see the improvement in medical care, the healthcare system in Lao PDR is still underdeveloped. People in this country still face numerous health problems such as communicable diseases (malaria, influenza, acute respiratory infection), cancer, cardiovascular diseases, and diet deficiency. With the lack of quality and quantity of medical care, people are exposed to high risks especially ethnic minorities in Lao PDR.

The financing, health infrastructure, health information, medical records, management of health services are the weaknesses rooted in the Laotian health system. Issues in the healthcare system include the shortage of quality of health care personnel, the accessibility to healthcare services, lack of health education and information. The government spending on healthcare is really low in comparison with neighbouring countries. The country depends largely on international aid and support for improving infrastructure, training professional medical care personnel and in the form of vaccines. It also relies on the Foreign Direct Investment (FDI) on the pharmaceutical industry. Even though Lao PDR has set goals to achieve universal health coverage by 2025, the health insurance programs currently could only cover 20% of the total population in accordance with the World Health Organisation.

Overall, the health sector is very important to the development of the economy in view of the fact that good health improves the general well-being of the people, happiness, productivity and contributes significantly to the prosperity, and economic progress. Lao PDR's health care system has made positive progress apparently, but there are still problems that require urgent attention. Therefore, we aim to identify key issues and challenges and review some policies action from the government that have been enacted for the short term and long term. Moreover, this paper will provide our group's insight, some suggestions and priorities in response to the issues.

## Issues/Challenges

### ***Quality and the need to improve infrastructure***

Even with moderate improvement in health, Laos PDR still experiences the need to improve in many ways. For instance, we can see high undernutrition in children that eventually causes stunting as well as underweight. In total, health care in Lao PDR comprises 3 systems of healthcare. The first system includes a predominant public health system. secondly, the private healthcare system. Following by, joint public-private healthcare system. Overall, the public sector is the most favourable hospital service by the citizens. There are 4 levels of care, primary care at which people depend on 1060 health care centres countrywide. Secondly, the intermediate level where we can see 135 district hospitals. Followed by secondary care with 17 provincial hospitals. Lastly, Lower tertiary care that we can see specialised medical centres concentrate exclusively in Vientiane.

On the other hand, the human resource allocation in Laos has experienced shortage. Upon that we can see a lower amount of health care professions respond to such issues. For instance, Lao PDR only has one medical school (University of Health Science, Laos) that corresponds to creating medical professions as outputs. Hence, only few medical staff or physicians are produced yearly. In addition, there are only 0.4 physicians per 1000, which is relatively low as ideally the ratio should be 1 per 10000, according to the World bank (2017). Furthermore, we can see that healthcare quality in Lao PDR is still limited. Likewise, some consumers seek to use better health care quality from neighbouring countries including Vietnam and Thailand.

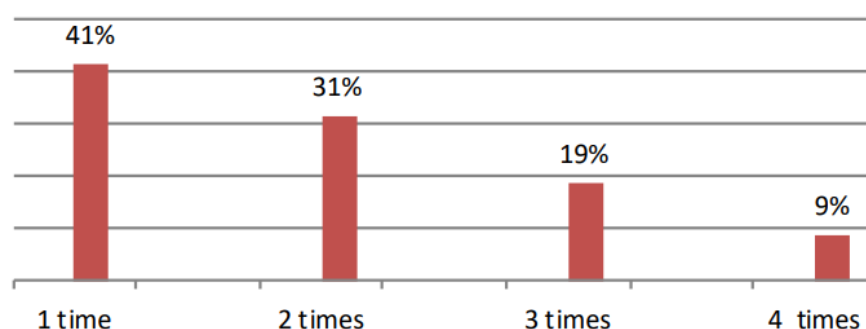
For a better quality of healthcare improvement, we can see a new standard to be set for district hospitals and health care centres. In addition, the networking of the health care sector needs to get reformed. Furthermore, the improvement of human resources in the field. Improving quality in healthcare is also a priority. Modern technology in hospital management also gives an impact to the improvement. With a small number of medical professions, the quantity and quality of nursing and medical school should be taken into account. Upon that, Lao PDR still lacks specialised areas including intensive care, emergency care and referral system. Many more doctor specialists in terms of Cardiology, surgery care, NCDs as well as medical facilities including diagnostics centre and medical laboratory should be concerned about the quality and quantity that could serve the needs of Laos citizens.

### ***Unequal access to healthcare***

The Lao People’s Democratic Republic is committed to the principle of “Leaving No One Behind”. The country faces considerable equity-related issues due to its diverse geographic and ethnic make-up, and substantial efforts have been made to tackle both demand and supply side barriers to access and promote health service utilisation for these remote and marginalised populations (WHO, 2018) However, issues regarding accessibility still remain.

Although there exists a relatively good network of public health services, service utilisation in the Lao People’s Democratic Republic remains low (UHC Index Score is 60%). This is caused by the mountainous terrain and lack of year-round road access. The Lao Expenditure and Consumption Survey (LECS) highlights a pattern of higher health-seeking rates, with the second most commonly cited reason for not seeking care being that it was difficult to get there. In the Lao PDR, approximately 30% of villages are considered as remote with access by dirt road or no road. At primary health-care level, essential services including mother and child health (MCH), family planning, EPI, nutrition and WASH are provided by two types of services: fixed site provision at health centres and district hospitals; and integrated outreach normally provided by health centre staff in collaboration with the district health office and district hospitals. Nevertheless, from figure 1, it is observable that the outreaches that are supposed to be delivered four times a year, only 9% of the villages received the services.

**Proportion of remote villages that received integrated services, 2017**



**Figure 2: Proportion of remote villages that received integrated services, 2017**

Supply side barriers impacting on coverage and access include: health-worker availability and retention, particularly in geographically remote locations; delayed and unpredictable funding flows, commodity and equipment to facilities; and a lack of equity-related data upon which to base resource allocation decisions. Ethnicity also contributes to the barriers. Lao PDR is comprised of over 49 distinct ethnicities and some 160 ethnic

subgroups speaking over 50 different languages. This diverse ethnic profile leads to issues of discrimination and barriers to access among less-dominant ethnic groups

Normally, increased Maternal Health Literacy (MHL) has contributed considerably to maternal and child health outcomes in many countries. Sysavanh Phommachanh et al. (2021) MHL of Lao mothers was very low in both urban and rural areas; 80% of mothers had either inadequate or problematic MHL, while only 17.4% had sufficient and 3.5% excellent MHL. The MHL scores were significantly higher in urban than in rural areas. One third of mothers found it very difficult to access, understand, appraise and apply information on mother and child health (MCH). Hence, Health education on MHL to mothers in both urban and rural areas needs attention, and could best be done by improving the quality of health providers' provision of information.

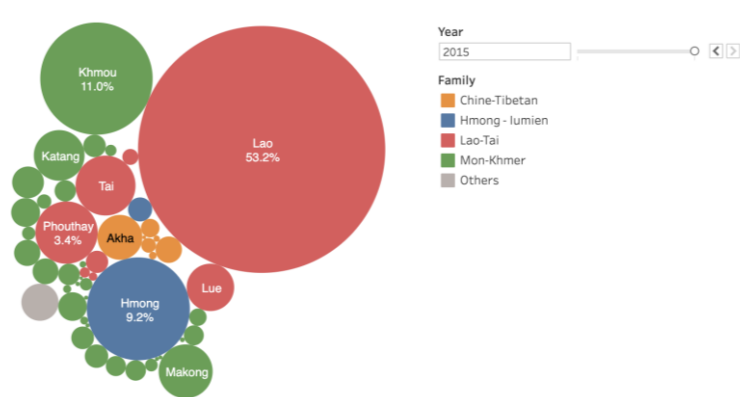
### ***Ethnicity governance***

Laos has been long living with the ethnicity problem within the country as the country has different background and governance among the minorities and the majorities since the colonial era by France. The colonial rule is somehow affecting the minorities in various aspects: the economic, social, and political relations. While most of the minorities live in the highland and midland. However, the focus of the development is for the majorities which inhabit the lowland.

Speaking of the governance, the Laos PDR has pushed the effort in generalising Laos language in daily use which is, somehow, contradicting with the old ways of living as the tribes such as Khmu, Lamet, Loven, and So whose inhabit in the midland speak Mon-Khmer family. Apart from the linguistic side, the country also faces the problem of internal political climate as the group such as Tai tribes which speak Tai-Kadai language also has their own governance by having a local chief which has full control over the tribes. The immigrating of the minorities and tribes occurs several times and the effectiveness of the governance is very low in village level. To tackle the problem, **the effort in nationalisation is not enough as the minorities require a better quality of life to settle down in low-land areas** by providing the accommodations and building all the facilities in need. This may cost the government to spend up to \$100 to \$300 million to reallocate 1.5 million minority people in 1991.

According to the recent study, from the Asian Survey, it is found that, there exists the discrimination and the improper policy action such as the prominent activists Hmong were swept up by military and security force along the Thai-China border. The example is Ramon Magsaysay who disappeared in December 2012 for This shows the improper policy implementation and lack of understanding from the minority's side.

## Proportion of Population in Laos and Ethnicity in 2015



### ***Understaffed health workforce***

The health workforce is relatively low in Laos PDR, especially in rural areas. The understaffing occurs because of the lower incentives it has for the health workers to work in the rural areas. To increase the incentive, it is important to raise the wage of the workers as well as the increasing non-wage benefits such as housing, better facilities, and education stipends.

According to the National Strategy for 2010-2020 plan, the number of the medical staff need to reach **2.3 doctors, nurses, and midwives for 1,000 people**. The challenge in reaching this goal is that the retention rate in rural areas is relatively low. To cover the challenge of understaffing, incentives and mandatory rules are needed. This, however, requires the government to increase the public healthcare expenditure by 35%.

### ***Low level of public expenditure on health***

Laos PDR, as mentioned earlier, has a very low proportion for public expenditure on healthcare compared to the neighbours. This is because the country mostly relies on the foreign aid. However, after 1989, the aid was phased out as the Soviet Union and European Union lowered the health aid for Laos PDR. Accordingly, the allocation of the resources and finances are reduced by downscaling the healthcare support size.

With the low level of public expenditure, the gap between the poor and the rich is widened. Indirectly, the quality of the healthcare service is reduced and becomes more immoral. Despite passing numerous schemes, the problems are yet to be solved. As of 2009, MOF reported that the rural areas have been allocated finance for approximately 80% of the public health expenditure. As a result, the accessibility to the healthcare system in rural areas is difficult. Women and girls are experiencing unplanned pregnancy, inability to access to maternal health care and family planning, and higher maternal mortality ratio (MMR)

## **Government Policy**

The Party, the National Assembly, and the Government have all passed progressive resolutions and strategic actions in the last decade to enhance the health of the Lao people. During this time, the national development agenda aimed to achieve the MDG targets by 2015, then departure from the LDC list in 2020, and, more recently, the goal of universal health coverage by 2025, with the SDGs by 2030 as a long-term goal.

During this time, two significant documents changed the health sector's general governance and management approach. To begin with, the Party's 3-Builds resolution, also known as Sam-Sang, designated the province as a strategic unit, the district as a complete, developed, and strengthened unit, and the village as a development unit. The Sam Sang "Three Build" was government policy, with the directive process province as the strategic unite, district as the integration unit and villages as the development unit in terms of rural development and poverty reduction, strengthened and decentralised administration, and with building the capacity and solidarity of rural communities in Lao PDR. More health service delivery is implemented through a network of health centres, district, provincial, central and specialised hospitals. In addition to this, the military and police sectors also provide health-care services for their own cadres, their family and parts of the local community. An increasing number of private clinics and hospitals are becoming a recognizable part of the health service delivery network.

Second, the National Health Sector Development Plan resolution called for four breakthroughs in quality, human resources, management, and poor aid. The government allocates health worker distribution not only in the urban but also in the rural areas, as well as educational development by providing more training and schools in the health field, in order to improve the quality and people resources for health. To improve accessibility, the Laos government has increased government allocation to the health sector through demand and supply side finance, allowing for more selective purchasing which boosts domestic budget allocations to the health sector, guarantees efficient use of resources, and strengthens financial health protection. Finally, it increases the quality of health data as enhancing systematic management information in healthcare.

## **Conclusion**

Lao PDR is ranked as one of the least developed countries. There are several efforts in developing the countries in each sector. Healthcare is one of the important factors in human resource development which is the most worrisome sector in the region. Universal health coverage (UHC) and its five aspects: quality, efficiency, equity, accountability and good governance, and sustainability and resilience are the driving force to achieve the Sustainable

Development Goals (SDGs) by 2030. Most health indicators in Lao PDR have shown positive improvements noticeably as we can observe from the increase in life expectancy and a reduction in child and maternal mortality. However, there remain issues.

Healthcare quality and quantity is still one of the biggest concerns in the system due to the lack of quality medical practitioners and adequate healthcare facilities. Upon that, medical schools are lacking in producing sufficient health care workers. The recent work of the government to combat this problem is that the training of medical staff is simplified with only 3 years to complete and the compulsory 3-year employment contract at the district hospital after the training to tackle the lack of medical staff in rural areas. The post available for medical staff still needed to be fixed as well as the increase of the incentive for the medical staff in rural areas.

Unequal access to healthcare in Lao PDR was mainly caused by mountainous terrain and lack of road access. Integrated outreach was not sufficiently provided. Ethnic discrimination exacerbate the accessibility. Low MHL was low and even lower in rural areas. We found out that the government has done well in terms of building facilities and campaigning in encouraging the minorities to live close to the infrastructure. However, the understanding of the minorities still lacks and the discrimination from the government is still high. This leads to the uprising of the minorities and the problems might not be solved. The government should also focus more on the local level implementation and synergies between the local and the government.

In conclusion, Laos still has a long way to go in terms of improving its healthcare system and gaining residents' trust. Overall, the administration is performing admirably in terms of short-term remedies and initiatives. Despite the fact that the Lao PDR government enacted healthcare policies focusing on quality, human resources, management, and poor aid, there are still a number of drawbacks that must be improved: Quality of the service, a gap between urban and rural accessibility to healthcare, human capital from understaffing, the internal conflicts among the tribes, the facilities and improvement of the technology for healthcare sectors, etc.

Despite progress and accomplishments toward national and international targets in achieving the Millennium Development Goals and Least developed countries graduation, Laos health sector indicators remain among the lowest in the region, indicating that more effort is required if the country is to meet these objectives. This paper suggests, in order to better improve, partnership with both government and non-government organisations is essential. Priority should be given to the rural areas.

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